

Message Text

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COMMERCE FOR BEWT/TPD (THOMPSON)

E.O. 11652: N/A
TAGS: BEXP, CZ
SUBJECT: THEME SELECTION: 1976 BRNO ENGINEERING FAIR

REF: USDOC 16817

1. BEGIN SUMMARY. EMBASSY RECOMMENDS MATERIALS HANDLING EQUIPMENT AS THEME FOR 1976 BRNO ENGINEERING AAIR. CZECHOSLOVAK OFFICIALS HAVE ASSURED US THAT THIS IS RAPIDLY EXPANDING MARKET, AND THEY WOULD LIKE TO KNOW MORE ABOUT WHAT U.S. INDUSTRY HAS TO OFFER IN THIS LINE. END SUMMARY.

2. EMBASSY SEES NO POINT IN TRYING TO PROMOTE AUTO SERVICE EQUIPMENT AT BRNO FAIR NEXT YEAR. WE WERE TOLD THREE YEARS AGO ON OCCASION OF AN AUTO SERVICE EQUIPMENT TRADE MISSION TO PRAGUE, THAT CZECHOSLOVAKS WOULD SOON BE CHOOSING BETWEEN AMERICAN, FRENCH, AND ITALIAN SUPPLIERS. A RELIABLE SOURCE INFORMED US A YEAR AFTER THE MISSIONS'S VISIT THAT THEY HAD DECIDED ON FRENCH AND ITALIAN EQUIPMENT; THIS DECISION WAS CONFIRMED TO US AGAIN IN PAST FEW DAYS. WE UNDERSTAND THAT SKODA CAR IS BASED ON RENAULT DESIGN AND THAT SKODA WORKS IN MLADA BOLESLAV ARE LARGELY EQUIPPED WITH FRENCH EQUIPMENT -- APPARENTLY RENAULT ACTED AS CONSULTING ENGINEERS IN DESIGN OF PLANT. MOREOVER, POLISH AND SOVIET FIATS PRODUCED UNDER ITALIAN LICENSE ARE LEADING AUTO IMPORTS INTO CZECHOSLOVAKIA. ANOTHER NEGATIVE FACTOR AFFECTING OUR DECISION NOT TO RECOMMEND AUTO SERVICE AS THEME FOR FOR BRNO '76, IS RECENTLY SIGNED
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CZECHOSLOVAK/FRENCH ECONOMIC ACCORD IN WHICH COOPERATION IN

AUTOMOTIVE INDUSTRY WAS AMONG SEVERAL LEADING AREAS MENTIONED FOR SPECIAL ATTENTION.

3. PICTURE FOR MATERIALS HANDLING EQUIPMENT (MHE) IS CONSIDERABLY BRIGHTER. FOLLOWING INFORMATION OBTAINED LAST WEEK FROM EXECUTIVES OF STROJEXPORT, FTO WHICH IMPORTS BULK OF THIS EQUIPMENT. SOME U.S. MANUFACTURERS (INCLUDING CLARK EQUIPMENT) ARE DOING WELL ALREADY IN CZECHOSLOVAKIA, BUT, IN GENERAL, CZECHOSLOVAKS ARE NOT FAMILIAR WITH AMERICAN MANUFACTURES OF MHE. STROJEXPORT BUYS 150 CLARK FORKLIFT TRUCKS EACH YEAR, MOST WAREHOUSES IN CZECHOSLOVAKIA ARE EQUIPPED WITH OTIS LIFTS, OVERHEAD CHAIN CONVEYORS MADE UNDER WEBB LICENSE IN FRANCE DOMINATE LOCAL MARKET, AND STROJEXPORT RECENTLY SIGNED THREE CONTRACTS WITH DUTCH SUBSIDIARY OF MAYFRAN (HEADQUARTERS MAYFIELD, OHIO) FOR SPECIAL CIP CONVEYORS USED ON MACHINE TOOLS.

4. SPECIFIC PRODUCT LINES THAT STROJEXPORT SUGGESTED WE SHOW AT BRNO ARE CHIP CONVEYORS, FLOOR CONVEYORS FOR GLASS FACTORIES, AND, IN GENERAL, SPECIAL-PURPOSE CONVEYORS THAT WILL SAVE ON LABOR COSTS. SPECIAL-PURPOSE CONTAINERS WOULD ALSO BE OF INTEREST TO CZECHOSL VAK INDUSTRY, BUT NOT STANDARD TYPES. FOLLOWING ITEMS OF MHE WOULD NOT REPEAT NOT BE OF INTEREST: OVERHEAD CRANES, MONORAIL SYSTEMS, OVERHEAD HOISTS, TROLLEYS AND PALLETIZERS. FOREGOING ITEMS OF EQUIPMENT ARE EITHER MADE LOCALLY OR OBTAINED FROM OTHER CEMA COUNTRIES. INDUSTRIAL JACKS ARE IMPORTED FROM CANADA, AND LIFT TABLES FROM FRG -- HOWEVER, IT MAY BE POSSIBLE TO CAPTURE PART OF THIS MARKET FROM THEM.

5. EMBOFFS WILL MEET IN NEXT FEW DAYS WITH OFFICIALS IN STROJEXPORT WHO HANDLE AUTOMATIC STORAGE AND RETRIEVAL HANDLING SYSTEMS, AND WITH OTHER FTOS THAT HANDLE POWER STRAPPING SYSTEMS, FLOOR SWEEPERS, AND OTHER MISCELLANEOUS MHE EQUIPMENT. EMBOFFS WILL ALSO CALL ON RESEARCH INSTITUTE FOR MHE, WHICH SHOULD BE ABLE TO PROVIDE INFORMATION ON GLOBAL INVESTMENTS CZECHOSLOVAKS ARE LIKELY TO MAKE IN SIXTH FIVE-YEAR PLAN (FYP) IN FACILITIES FOR EXPANDING THEIR OWN PRODUCTION OF MHE. EXPANDED DOMESTIC PRODUCTION WOULD, OF COURSE, REDUCE NEED FOR IMPORTS IN CERTAIN AREAS, BUT NOT IN ALL CATEGORIES GIVEN STATED AIM OF GOVERNMENT TO UNCLASSIFIED

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REDUCE NOT EXPAND VARIETY OF DOMESTIC MANUFACTURES. STROJEXPORT OFFICIALS WERE CHARY OF PROVIDING GLOBAL IMPORT FIGURES FOR MHE, CLAIMING THAT SUCH IMPORTS WERE USUALLY UNDERTAKEN FOR A PARTICULAR EXPANSION PROJECT. ACCORDING TO OUR SOURCES, MHE IMPORTS MIGHT BE VERY HIGH ONE YEAR, AND FALL OFF TO ALMOST NOTHING DURING THE FOLLOWING YEAR. BUT CHIEF OF STROJEXPORT'S MATERIALS HANDLING DEPARTMENT SAID TEN YEARS AGO SHE HAD ONE SECTION UNDER HER, AND NOW HAS FOUR.

SHE ALSO SAID NEW FYP DOES PROVIDE FOR SIGNIFICENTLY HIGHER IMPORTS OF MHE, BUT WOULD NOT PROVIDE DETAILS.

6. IN SUMMARY, CHIP CONVEYOR THAT MAYFRAN MANUFACTURES, WHICH APPEARED ON THE U.S. MARKET ONLY FOUR YEARS AGO AND IS BRAND NEW IN EUROPE, IS KIND OF SPECIAL PURPOSE, INNOVATIVE, LABOR- SAVING, MATERIALS HANDLING EQUIPMENT THAT WILL INTEREST THE CZECHOSLOVAKS, AND WHICH COULD RESULT IN IMMEDIATE OFF-THE-FLOOR SALES AT BRNO. GIVEN OBSERVED STATE OF THE ART IN CZECHOSLOVAKIA AND ECONOMY'S CRYING NEED FOR ADVANCED LABOR- SAVING DEVICES OF ALL KINDS, EMBASSY IS CONVINCED THAT, GIVEN SUFFICIENT INTEREST AMONG TOP-OF-LINE MANUFACTURERS OF MHE IN U.S. IN PENETRATING CEMA MARKETS, COMMERCE COULD MOUNT AN IMPRESSIVE SHOW OF MHE AT 1976 BRNO ENGINEERING FAIR. WE THINK IT WOULD BE ADVISABLE TO BRING LIGHT WEIGHT, STATE OF THE ART MHE, IN ORDER TO SHOW CZECHOSLOVAKS THAT OUR EQUIPMENT IS THE MOST ADVANCED, AND TO ALLAY THEIR FEARS THAT SHIPPING COST FROM THE U.S. MIGHT BE PROHIBITIVELY EXPENSIVE.

7. CZECHOSLOVAKS SAY THEY WOULD VERY MUCH LIKE TO KNOW MORE ABOUT U.S. SUPPLIERS. IN THIS CONNECTION, STROJEXPORT OFFICIALS SUGGESTED THAT A CATALOG SHOW WOULD BE VERY HELPFUL. WE AGREE, AND WONDER IF A CATALOG SHOW, PERHAPS ON STROJEXPORT PREMISES, MIGHT NOT BE AN EXCELLENT WAY TO GIVE ADVANCE PUBLICITY TO AN EXHIBITION AT BRNO. WE FAVOR SHOWING CATALOGS ON VERY WIDE RANGE OF MHE, THEN USING EXPRESSED INTEREST ON PART OF CZECHOSLOVAKS AS MAJOR TALKING POINT WHEN RECRUITING FIRMS FOR SHOW. WOULD APPRECAITE BEWT/TPD'S REACTION TO THIS IDEA, AS WELL AS TO SUGGESTION THAT PRAGUE BE ADDED TO ITINERARY OF MATERIALS HANDLING TECHNICAL SALES SEMINAR SCHEDULED TO COME TO THREE OTHER COUNTRIES IN EASTERN EUROPE IN MARCH, 1976. IN EMBASSY VIEW, THIS WOULD BE IDEAL
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OPPORTUNITY TO GENERATE INTEREST IN U.S. EQUIPMENT TO BE EXHIBITED LATER IN YEAR AT BRNO, PROVIDING A UNIQUE ONE-TWO SALES PROMOTION PUNCH WHICH WE HAVE NEVER TRIED WITH PREVIOUS BRNO ENGINEERING FAIR THEMES.

8. EMBASSY WOULD BE GRATEFUL FOR ANY COMMENTS BEWT/ TPD MAY HAVE ON PROPOSAL CONTAINED IN THIS CABLE AND FOR EARLY NOTIFICATION OF ACCEPTANCE OR REJECTION OF MHE AS THEME FOR BRNO AIR '76. IN ADDITION TO DATA PROMISED PARA 5, WE WILL BE HAPPY TO PROVIDE FURTHER INFORMATION AS REQUIRED AND OBTAINABLE.
PERRY

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